



Digest Correction
February 15, 2006

ENGROSSED HOUSE BILL No. 1025

DIGEST OF HB 1025 (Updated February 16, 2006 2:16 pm - DI 113)

Citations Affected: IC 6-9.

Synopsis: Innkeeper's taxes. Extends until June 30, 2012 the time at which the maximum rate of the Howard County innkeeper's tax may remain at 5% before decreasing to 4% (in current law the transition date is June 30, 2007). Extends the expiration date of the Nashville food and beverage tax to July 1, 2012. Extends the period of time from December 2006, to December 2012, that a share of Tippecanoe County innkeeper's tax revenue must be distributed as a grant to a nonprofit corporation that leases land in Prophetstown state park for the nonprofit corporation's use in noncapital projects in Prophetstown state park.

Effective: July 1, 2006.

Smith J, Thomas, Klinker

(SENATE SPONSOR — DROZDA)

January 4, 2006, read first time and referred to Committee on Ways and Means.
January 19, 2006, reported — Do Pass.
January 23, 2006, read second time, amended, ordered engrossed.
January 24, 2006, engrossed.
February 1, 2006, read third time, recommitteed to Committee of One; passed: Yeas 58, nays 33.
February 2, 2006, re-engrossed.

SENATE ACTION

February 6, 2006, read first time and referred to Committee on Tax and Fiscal Policy.
February 14, 2006, amended, reported favorably — Do Pass.

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EH 1025—LS 6241/DI 113+



Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1025

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-9-7-7, AS AMENDED BY P.L.214-2005,
2 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2006]: Sec. 7. (a) The county treasurer shall establish an
4 innkeeper's tax fund. The treasurer shall deposit in that fund all money
5 received under section 6 of this chapter that is attributable to an
6 innkeeper's tax rate that is not more than five percent (5%).
7 (b) Money in the innkeeper's tax fund shall be expended in the
8 following order:
9 (1) Through July 1999, not more than the revenue needed to
10 service bonds issued under IC 36-10-3-40 through IC 36-10-3-45
11 and outstanding on January 1, 1993, may be used to service
12 bonds. The county auditor shall make a semiannual distribution,
13 at the same time property tax revenue is distributed, to a park and
14 recreation district that has issued bonds payable from a county
15 innkeeper's tax. Each semiannual distribution must be equal to
16 one-half (1/2) of the annual principal and interest obligations on
17 the bonds. Money received by a park and recreation district under

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1 this subdivision shall be deposited in a special fund to be used to
 2 service the bonds. During August 1999 the money that had been
 3 set aside to cover bond payments that remains after the bonds
 4 have been retired plus sixty percent (60%) of the tax revenue
 5 during August 1999 through December 1999 shall be distributed
 6 to the county treasurer to be used by the county park board,
 7 subject to appropriation by the county fiscal body.

8 (2) To the commission for its general use in paying operating
 9 expenses and to carry out the purposes set forth in section 3(a)(6)
 10 of this chapter. However, the amount that may be distributed
 11 under this subdivision during any particular year may not exceed
 12 the proceeds derived from an innkeeper's tax of two percent (2%)
 13 through December 1999 and fifty percent (50%) of the tax
 14 revenue beginning January 2000 and continuing through
 15 December 2014.

16 (3) For the period beginning July 1, 2002, through December
 17 2014, fifty percent (50%) of the revenue to the county treasurer to
 18 be credited by the treasurer to a special account. The county
 19 treasurer shall distribute money in the special account as follows:

20 (A) Seventy-five percent (75%) of the money in the special
 21 account shall be distributed to the department of natural
 22 resources for the development of projects in the state park on
 23 the county's largest river, including its tributaries.

24 (B) Twenty-five percent (25%) of the money in the special
 25 account shall be distributed to a community development
 26 corporation that serves a metropolitan area in the county that
 27 includes:

28 (i) a city having a population of more than fifty-five
 29 thousand (55,000) but less than fifty-nine thousand (59,000);
 30 and

31 (ii) a city having a population of more than twenty-eight
 32 thousand seven hundred (28,700) but less than twenty-nine
 33 thousand (29,000);

34 for the community development corporation's use in tourism,
 35 recreation, and economic development activities. For the
 36 period beginning July 1, 2002, and continuing through
 37 ~~December 2006~~, **December 2012**, the community
 38 development corporation shall provide not less than forty
 39 percent (40%) of the money received from the special account
 40 under this clause as a grant to a nonprofit corporation that
 41 leases land in the state park described in this subdivision for
 42 the nonprofit corporation's use in noncapital projects in the

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1 state park.
 2 Money in the special account may not be used for any other purpose.
 3 The money credited to the account that has not been used as specified
 4 in this subdivision by January 1, 2015, shall be transferred to the
 5 commission to be used to make grants as provided in subsection (c)(2).

6 (c) Money in the innkeeper's tax fund subject to appropriation by the
 7 county council shall be allocated and distributed after December 2014
 8 as follows:

9 (1) Fifty percent (50%) of the revenue to the commission for the
 10 commission's general use in paying operating expenses and to
 11 carry out the purposes set forth in section 3(a)(6) of this chapter.

12 (2) The remainder to the commission to be used solely to make
 13 grants for the development of recreation and tourism projects. The
 14 commission shall establish and make public the criteria that will
 15 be used in analyzing and awarding grants. At least ten percent
 16 (10%) but not more than fifteen percent (15%) of the grants may
 17 be awarded for noncapital projects. Grants may be made only to
 18 the following entities upon application by the executive of the
 19 entity:

20 (A) The county for deposit in a special account.

21 (B) The most populated city in the county for deposit in a
 22 special account.

23 (C) The second most populated city in the county for deposit
 24 in a special account.

25 (D) The Tippecanoe County Wabash River parkway
 26 commission, but only so long as the interlocal agreement
 27 among the political subdivisions listed in clauses (A) through
 28 (C) is in effect. Money received by the parkway commission
 29 shall be segregated in a special account.

30 (d) Money credited to special accounts under subsection (c)(2) shall
 31 be used only for recreation or tourism projects, or both.

32 SECTION 2. IC 6-9-16-6 IS AMENDED TO READ AS FOLLOWS
 33 [EFFECTIVE JULY 1, 2006]: Sec. 6. (a) The county council may levy
 34 a tax on every person engaged in the business of renting or furnishing,
 35 for periods of less than thirty (30) days, any room or rooms, lodgings
 36 or accommodations in any commercial hotel, motel, inn, tourist camp,
 37 or tourist cabin, except state camping facilities, located in the county.
 38 The tax ~~shall~~ **may** be imposed **only on the gross retail income**
 39 **derived from lodging income** at any rate ~~up to and including~~ **not to**
 40 **exceed:**

41 (1) five percent (5%) before July 1, ~~2007~~, **2012**; and

42 (2) four percent (4%) after June 30, ~~2007~~, **2012**.

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1 on the gross retail income derived from lodging income only and shall
 2 **The tax must** be **calculated** in addition to the state gross retail tax
 3 imposed on those persons by IC 6-2.5.

4 (b) The county fiscal body may adopt an ordinance to require that
 5 the tax **must** be reported on forms approved by the county treasurer and
 6 that the tax shall be paid monthly to the county treasurer. If such an
 7 ordinance is adopted, the tax shall be paid to the county treasurer not
 8 more than twenty (20) days after the end of the month the tax is
 9 collected. If such an ordinance is not adopted, the tax shall be imposed,
 10 paid, and collected in exactly the same manner as the state gross retail
 11 tax is imposed, paid, and collected pursuant to IC 6-2.5.

12 (c) All of the provisions of IC 6-2.5 relating to rights, duties,
 13 liabilities, procedures, penalties, definitions, exemptions, and
 14 administration apply to the imposition and administration of the tax
 15 imposed under this section, except to the extent those provisions are in
 16 conflict or inconsistent with the specific provisions of this chapter or
 17 the requirements of the county treasurer. Specifically and not in
 18 limitation of the foregoing sentence, the terms "person" and "gross
 19 retail income" have the same meaning in this section as they have in
 20 IC 6-2.5, except that "person" shall not include state supported
 21 educational institutions. If the tax is paid to the department of state
 22 revenue, the return to be filed for the payment of the tax under this
 23 section may be either a separate return or may be combined with the
 24 return filed for the payment of the state gross retail tax as the
 25 department of state revenue may, by rule or regulation, determine.

26 (d) If the tax is paid to the department of state revenue, the amounts
 27 received from the tax shall be paid quarterly by the treasurer of state to
 28 the county treasurer upon warrants issued by the auditor of state.

29 (e) The tax imposed under subsection (a) does not apply to the
 30 renting or furnishing of rooms, lodgings, or accommodations to a
 31 person for a period of thirty (30) days or more.

32 SECTION 3. IC 6-9-24-9 IS AMENDED TO READ AS FOLLOWS
 33 [EFFECTIVE JULY 1, 2006]: Sec. 9. (a) If the tax is imposed by a
 34 municipality under this chapter, the tax terminates January 1, ~~2007~~
 35 **2012.**

36 (b) This chapter expires July 1, ~~2007~~: **2012.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1025, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

ESPICH, Chair

Committee Vote: yeas 20, nays 0.

 HOUSE MOTION

Mr. Speaker: I move that House Bill 1025 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

“SECTION 1. IC 6-9-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 7. (a) The county treasurer shall establish an innkeeper's tax

fund. The treasurer shall deposit in that fund all money received under section 6 of this chapter that is attributable to an innkeeper's tax rate that is not more than five percent (5%).

(b) Money in the innkeeper's tax fund shall be expended in the following order:

(1) Through July 1999, not more than the revenue needed to service bonds issued under IC 36-10-3-40 through IC 36-10-3-45 and outstanding on January 1, 1993, may be used to service bonds. The county auditor shall make a semiannual distribution, at the same time property tax revenue is distributed, to a park and recreation district that has issued bonds payable from a county innkeeper's tax. Each semiannual distribution must be equal to one-half (1/2) of the annual principal and interest obligations on the bonds. Money received by a park and recreation district under this subdivision shall be deposited in a special fund to be used to service the bonds. During August 1999 the money that had been set aside to cover bond payments that remains after the bonds have been retired plus sixty percent (60%) of the tax revenue during August 1999 through December 1999 shall be distributed to the county treasurer to be used by the county park board, subject to appropriation by the county fiscal

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body.

(2) To the commission for its general use in paying operating expenses and to carry out the purposes set forth in section 3(a)(6) of this chapter. However, the amount that may be distributed under this subdivision during any particular year may not exceed the proceeds derived from an innkeeper's tax of two percent (2%) through December 1999 and fifty percent (50%) of the tax revenue beginning January 2000 and continuing through December 2014.

(3) For the period beginning July 1, 2002, through December 2014, fifty percent (50%) of the revenue to the county treasurer to be credited by the treasurer to a special account. The county treasurer shall distribute money in the special account as follows:

(A) Seventy-five percent (75%) of the money in the special account shall be distributed to the department of natural resources for the development of projects in the state park on the county's largest river, including its tributaries.

(B) Twenty-five percent (25%) of the money in the special account shall be distributed to a community development corporation that serves a metropolitan area in the county that includes:

(i) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000); and

(ii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

for the community development corporation's use in tourism, recreation, and economic development activities. For the period beginning July 1, 2002, and continuing through

~~December 2006;~~ **December, 2014,** the community development corporation shall provide not less than forty percent (40%) of the money received from the special account under this clause as a grant to a nonprofit corporation that leases land in the state park described in this subdivision for the nonprofit corporation's use in noncapital projects in the state park. Money in the special account may not be used for any other

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purpose. The money credited to the account that has not been used as specified in this subdivision by January 1, 2015, shall be transferred to the commission to be used to make grants as provided in subsection (c)(2).

(c) Money in the innkeeper's tax fund subject to appropriation by the county council shall be allocated and distributed after December 2014 as follows:

(1) Fifty percent (50%) of the revenue to the commission for the commission's general use in paying operating expenses and to carry out the purposes set forth in section 3(a)(6) of this chapter.

(2) The remainder to the commission to be used solely to make grants for the development of recreation and tourism projects. The commission shall establish and make public the criteria that will be used in analyzing and awarding grants. At least ten percent (10%) but not more than fifteen percent (15%) of the grants may be awarded for noncapital projects. Grants may be made only to the following entities upon application by the executive of the entity:

(A) The county for deposit in a special account.

(B) The most populated city in the county for deposit in a special account.

(C) The second most populated city in the county for deposit in a special account.

(D) The Tippecanoe County Wabash River parkway commission, but only so long as the interlocal agreement among the political subdivisions listed in clauses (A) through (C) is in effect. Money received by the parkway commission shall be segregated in a special account.

(d) Money credited to special accounts under subsection (c)(2) shall be used only for recreation or tourism projects, or both."

Renumber all SECTIONS consecutively.

(Reference is to HB 1025 as printed January 20, 2006.)

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1025 be recommitted to a Committee of One, its author, with specific instructions to amend as follows:

Page 1, after "IC 6-9-7-7" insert "**AS AMENDED BY P.L. 214-2005, SECTION 27,**".

SMITH J

HOUSE MOTION

Mr. Speaker: Your Committee of One, to which was referred House Bill 1025, begs leave to report that said bill has been amended as directed.

SMITH J

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1025, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 37, delete ", 2014," and insert "**2012,**".

Page 3, line 40, after "exceed" insert ":".

Page 3, delete lines 41 through 42, begin a new line block indented and insert:

"(1) five percent (5%) before July 1, ~~2007~~; **2012**; and

(2) four percent (4%) after June 30, ~~2007~~; **2012**."

Page 4, after line 31, begin a new paragraph and insert:

"SECTION 3. IC 6-9-24-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 9. (a) If the tax is imposed by a municipality under this chapter, the tax terminates January 1, ~~2007~~; **2012**.

(b) This chapter expires July 1, ~~2007~~; **2012**."

and when so amended that said bill do pass.

(Reference is to HB 1025 as reprinted February 2, 2006.)

KENLEY, Chairperson

Committee Vote: Yeas 12, Nays 0.

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